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Comments of Barry M. Faber
Vice President/General Counsel
Sinclair Broadcast Group

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Office of the Secretary

INTRODUCTION

Good afternoon, I am Barry Faber, the General Counsel for Sinclair Broadcast Group. Sinclair is one of the nation's largest independent operators of local television stations and currently owns and/or programs more than 60 television stations across the United States. Here in the Raleigh-Durham area we own two local stations, WLFL, the WB affiliate and WRDC, the UPN affiliate.

At first glance, the inclusion of a representative of Sinclair on a panel relating to news programming may seem a bit puzzling. Sinclair has not been known historically as a major news producer, primarily because Sinclair has not historically owned or programmed affiliates of the three traditional networks, ABC, CBS and NBC. In fact, almost 50 of the television stations which Sinclair currently owns or programs are affiliated with the FOX, WB or UPN networks or in two cases, operate as pure independents without any network affiliation.

SINCLAIR'S NEWS INVOLVEMENT

Nonetheless, the perception of Sinclair having a minimum involvement in news programming is erroneous. Sinclair currently has almost 30 stations broadcasting local news programming on a daily basis, including WLFL here in Raleigh-Durham. In addition, our current plans call for us to grow that number substantially in the near future.

Our commitment to providing news on our stations stems from two separate, but compatible goals. The first is our interest in serving the public interest of our local markets, and the second is the desire to maximize revenues. Frankly, it is not at all surprising that these two goals work in harmony with each other. The public interest is served because we believe that a substantial number of viewers in our markets are interested in news content above and beyond that which is currently provided, particularly in time periods where other local stations do not provide news, most notable 10:00 in the evening. Hand in hand with such viewership potential is, of course, revenue potential in that advertisers seek to buy advertising in such news programming to reach these viewers

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NEED FOR EFFICIENCY

Sinclair's ability to meet the public interest in additional news programming depends greatly upon our ability to produce news in an efficient manner. Unlike the multiple hours of news programming provided by ABC, CBS and NBC affiliates, to the extent FOX, WB and UPN affiliated stations broadcast news at all, they typically have no more than one hour of news per day. As a result, many of Sinclair's stations suffer from the competitive disadvantage of not being able to spread the fixed costs of creating and sustaining a news operation across several hours of programming.

As detailed below, Sinclair's success in utilizing cost efficiencies results from two sources of economies of scale. The first of these relates to the overall number of stations in our group, while the second arises in those markets where we are able to program more than one television station as a result of a duopoly or a local marketing agreement.

THE NEWS CENTRAL MODEL

A strategy which Sinclair is pursuing to expand our group of stations offering news (or in some cases to ensure the continuation of existing news programming) is a service we refer to as NewsCentral. At its core, this concept consists simply of centrally producing news which would be of interest at all of our stations and sharing that news with our news stations. In that way, rather than having 30 reporters reporting on the same national or international story, we can use the more efficient model of having one reporter cover such a story for all of the stations. Using the NewsCentral concept, we were able recently to launch a news program on the FOX affiliate in Flint, Michigan and expect within the next few months to also launch news on WB or UPN affiliates in Tampa, Birmingham, Cincinnati, Las Vegas and Milwaukee.

NewsCentral came under unwarranted criticism from certain commentators in the ownership rulemaking who believe NewsCentral is some sort of Machiavellian plot to spread a single viewpoint around the country. Nothing could be further from the truth. The NewsCentral model is simply a way in which Sinclair can produce news at our stations in a more efficient and economical manner, something which, as I mentioned earlier, we believe will allow us to increase the number of our stations broadcasting local news.

The emphasis I just gave to the word "local" was intentional. We firmly believe that the local aspect of a television station's news product makes a key contribution to the audience acceptance of that news. While clearly the national and international news reported in local broadcasts is very important, the ability of a television station to cover local events of interest to the community helps establish the identity of the station and its news programming, and helps distinguish the station's news from certain of the myriad of other news sources available today.

Again contrary to certain misperceptions, Sinclair's NewsCentral model is entirely consistent with our goal of providing local content. While national and

international news will be provided by a central service in order to avoid duplication of efforts, each local station will have their own unique, locally-based staff of reporters and news anchors in place to cover events of local interest. Moreover, we believe by eliminating the need for local stations to cover non-local events, community-based reporters will be more able to focus on local stories leading to a superior local news product. In our opinion, viewers will demand such coverage, ratings will depend on such coverage and again the goals of public interest and profitability will be compatible.

Without NewsCentral, a number of the Sinclair stations which are expected to broadcast news under this model would not be able to do so. Typically FOX stations only broadcast an hour of news a day. Outside of the top twenty markets, WB stations typically do not broadcast news and UPN stations rarely broadcast news regardless of market size. Without NewsCentral minimizing the resources needed at each station, it would be cost prohibitive to produce news on many of the stations where we intend to do so.

EFFICIENCIES FROM DUOPOLY

In addition to the economies of scale provided by the ownership of a large group of television stations, the ability to program more than one television station in a single market also creates efficiencies. These efficiencies, such as use of equipment and local talent on more than one station also increase the likelihood that a station will be able to afford to make an additional news voice available to the public. This is particularly true in smaller markets where revenues are lower or, in any size market, where one of the two stations is a WB, UPN or FOX affiliated station.

As a result of LMAs, Sinclair has been able to add local news programming to the program lineup of FOX affiliates in Dayton, Columbus, and Charleston, West Virginia, as well as to a WB affiliate in Baltimore, Maryland. Although critics of our LMAs and duopolies complain that such business arrangements limit a market's voices by placing control of two news organizations in a single company's hands, such critics entirely miss the point that the very existence of the second voice depends on the LMA or duopoly. Moreover, programming news on a second station with a distinct audience base has allowed us to tailor news coverage specifically to the interests of otherwise underserved demographic groups of viewers.

CONCLUSION

In conclusion, I would like to reiterate the seriousness with which Sinclair takes its public interest obligations and the desire to increase its local news presence to meet this responsibility. We believe local content constitutes a key component of the success of our efforts. We also believe that it is the efficiencies which Sinclair realizes from NewsCentral and from its duopolies and LMAs which allow us to create news programming where such programming would not otherwise exist.

Thank you very much for the opportunity to speak today.